

Message Text

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44

ORIGIN ARA-20

INFO OCT-01 ISO-00 AGR-20 TAR-02 L-03 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

SAM-01 NSC-10 SS-20 STR-08 CEA-02 H-03 PA-04 PRS-01

USIA-15 /186 R

DRAFTED BY: ARA/CEN:DLAZAR

APPROVED BY: ARA/CEN:DLAZAR

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P 152035Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY GUATEMALA PRIORITY

AMEMBASSY SAN JOSE PRIORITY PRIORITY

AMEMBASSY MANAGUA PRIORITY

AMEMBASSY TEGUCIGALPA PRIORITY

C O N F I D E N T I A L STATE 031400

C O R R E C T E D C O P Y OMISSION OF ADDEES

E.O. 11652: GDS

TAGS: ETRD, CS

SUBJECT: PROPOSED EXPORT TAX ON BANANAS

1. FORMER AMBASSADOR CHARLES BURROWS, PRESENTLY WASHINGTON REPRESENTATIVE CASTLE AND COOKE, CALLED DEPARTMENT FROM C&C MANAGEMENT CONFERENCE IN SAN FRANCISCO TO PASS THE NEWS THAT PRESIDENT FIGUERES HAD ANNOUNCED HIS INTENTION TO IMPOSE A ONE DOLLAR PER BOX EXPORT TAX ON BANANAS AND WAS SEEKING SUPPORT OF OTHER CENTRAL AMERICAN BANANA-PRODUCING COUNTRIES ON THIS MEASURE.

2. ACCORDING TO BURROWS THIS MOVE WOULD RAISE RETAIL PRICES FROM PRESENT APPROXIMATE FIFTEEN CENTS PER POUND TO
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ABOUT TWENTY-FIVE CENTS PER POUND. WHEN QUERIED ON HOW

ONE DOLLAR TAX ON FORTY POUND BOX OF BANANAS PRESENTLY SELLING F.O.B. EXPORT COUNTRY AT \$2.70 TO \$3.00 PER BOX COULD RESULT IN RETAIL INCREASE OF THAT MAGNITUDE, HE WAS SOMEWHAT VAGUE. HE INSISTED HOWEVER, THAT THIS INCREASE, IF CARRIED THROUGH, WOULD HAVE "DRASTIC" EFFECT ON BANANA MARKETING AND INSISTED SEVERAL TIMES FIGUERES' PLAN WOULD HAVE "MOST SERIOUS" CONSEQUENCES.

3. CASTLE AND COOKE IS NOT REQUESTING ANY U.S.G. ACTION AT THIS TIME ALTHOUGH BURROWS INDICATED THEY DO INTEND TO TALK TO PRESIDENT FIGURES. BURROWS ALSO SAID THAT C&C MEETING

WAS TOLD OF A RUMOR THAT SOMOZA HAD TALKED TO LOPEZ IN MANAGUA UPON LATTER'S RETURN TRIP FROM PANAMA AND WARNED HIM AGAINST JOINING ANY SUCH MOVE.

4. RECIPIENTS ARE REQUESTED TO ADVISE PRIORITY ANYTHING YOU MAY HAVE HEARD ABOUT THIS PROPOSED MOVE. SUGGEST YOU NOT QUERY HOST GOVERNMENTS AT THIS TIME SINCE THIS MIGHT ONLY SERVE TO PERPETUATE WHAT COULD BE NOTHING MORE THAN A RUMOR. PORTER

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Message Attributes

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Disposition Authority: golinofr
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30 JUN 2005

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